

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF CEDAR LAKE
LAKE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
07/24/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	8-9
Notes to Financial Statements	10-14
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	16-37
Schedule of Leases and Debt	38
Schedule of Capital Assets	39
Audit Results and Comments:	
Schedule of Expenditures of Federal Awards	40
Transaction Recording	40-41
Drinking Water Trust Funds	41
Water Utility Operating Policies	41
Facility Rental Fees	42
Emergency Medical Service Fees - Penalties	42
Building Permit Controls	43
Incorrect Town Deferral Fees Charged and Distributed	43
Deferral Program Fees Not Remitted Timely	44
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	46-47
Schedule of Expenditures of Federal Awards	50
Note to Schedule of Expenditures of Federal Awards	51
Schedule of Findings and Questioned Costs	52-54
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	55
Corrective Action Plan	56-73
Exit Conference	74
Official Response	75-80

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amy J. Sund	01-01-08 to 12-31-15
President of the Town Council	Dennis Wilkening Robert Carnahan Randell Niemeyer	01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12
Town Administrator	Ian Nicolini	01-01-10 to 12-31-12
Superintendent of Public Works	James Cornett	01-01-10 to 12-31-12
Water Utility Superintendent	Michael Schaller	01-02-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Cedar Lake (Town), for the years ended December 31, 2010 and 2011. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 21, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

The Town's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 21, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA

We have audited the financial statements of the Town of Cedar Lake (Town), for the years ended December 31, 2010 and 2011, and have issued our report thereon dated May 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1 and 2011-2 to be material weaknesses.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 21, 2012

FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF CEDAR LAKE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments	Receipts	Disbursements	Cash and Investments
	01-01-10			12-31-10
General	\$ 311,939	\$ 3,722,417	\$ 3,525,019	\$ 509,337
Motor Vehicle Highway	56,943	256,647	244,579	69,011
Local Road & Street	34,483	115,394	93,297	56,580
Park & Recreation Non-Reverting Operating	70,720	14,690	56,757	28,653
Economic Development Tourism Grant Fund	650	4,725	5,000	375
Garbage	64,528	769,599	770,692	63,435
Law Enforcement Education Fund	37,066	37,236	34,432	39,870
Casino Gaming Fund	274,248	186,875	155,997	305,126
Rainy Day Fund	21,793	13,279	15,420	19,652
Asset Seizure Fund	7,295	-	1,715	5,580
Levy Excess Fund	-	6,847	-	6,847
Local Major Moves Construction	109,338	-	49,645	59,693
Cumulative Capital Improvement	64,063	47,217	102,184	9,096
Cumulative Capital Development	249,349	164,664	117,008	297,005
Police Non-Reverting	-	-	-	-
Redevelopment Bond Proceeds	1,038,101	350	103,252	935,199
Ambulance Non-Reverting Capital	15,802	30,795	-	46,597
Redevelopment T.I.F. Allocation	409,797	422,032	674,695	157,134
Metro Police Pension Fund	147,543	206,934	97,999	256,478
General Fund Non-Reverting Donation	44,057	44,037	71,144	16,950
Lake County Solid Waste Grant	62,022	56,170	50,925	67,267
Police Asset Forfeiture	3,751	1,575	-	5,326
Dare Program	-	3,000	-	3,000
Police Grants	5,932	19,184	18,776	6,340
Town Hall Debt Service	2,175	66,904	69,079	-
Park District Bond Issue	1,541	37,120	38,661	-
Clubhouse Non-Reverting	2,711	6,000	4,102	4,609
Redevelopment District General	28,756	26,308	6,073	48,991
Redevelopment Capital Projects	10,828	1	2,444	8,385
Redevelopment Debt Service Reserve	46,708	-	2	46,706
Redevelopment Authority 2007 Bonds	709,016	44	660,323	48,737
Redevelopment Authority Lease Rental Bonds	8,645	223,763	232,408	-
Redevelopment Debt Service	-	276,977	181,000	95,977
Redevelopment Authority 2011A Bonds	-	-	-	-
Redevelopment Authority 2011B Bonds	-	-	-	-
Net Wage Clearing Account	477	-	-	477
Payroll	39,400	2,252,840	2,253,734	38,506
Cash Bond Escrow	84,978	495,291	87,540	492,729
Cedar Lake Enhancement Build Indiana	194	-	-	194
Chase High Yield Savings	-	252	-	252
Storm Water Operating	98,038	616,770	632,571	82,237
Storm Water Bond Proceeds	-	2,868	-	2,868
Storm Water Debt Service	92,522	209,865	206,348	96,039
Storm Water Debt Reserve	216,470	216,470	216,470	216,470
Storm Water Capital Construction	54,033	162,099	54,033	162,099
Wastewater Operating	920,021	6,370,021	6,650,764	639,278
Wastewater Development	1,328,905	1,480,105	1,322,305	1,486,705
Sewer Sinking Account	1,109,061	7,470,606	8,577,168	2,499
Sewer Sinking Reserve	-	489,633	-	489,633
Wastewater Depreciation	210,819	227,200	236,914	201,105
W.W.T.P. Special	2,777,075	3,486,547	2,975,146	3,288,476
Water Utility Operating	159,751	730,264	646,192	243,823
Water Utility Customer Deposit	2,882	7,345	2,592	7,635
Water Debt Service	-	118,216	118,216	-
Water Development	28,420	851,270	292,300	587,390
Water Bond Proceeds	-	796,000	795,000	1,000
Water BAN Proceeds	-	1,663,200	1,427,949	235,251
Water BAN Debt Reserve	-	-	-	-
Utility Clearing Account	-	1,500	-	1,500
Emergency Medical Service Grants	51	-	51	-
Criminal Justice Institute Grant	-	1,785	1,785	-
Drinking Water Trust	137,992	162,642	120,020	180,614
Storm Water Bond Proceeds	380,000	-	380,000	-
Waterworks Revenue Bonds	-	1,700,000	1,700,000	-
Waterworks Revenue BANs	-	750,000	750,000	-
Totals	<u>\$ 11,480,889</u>	<u>\$ 37,023,573</u>	<u>\$ 36,829,726</u>	<u>\$ 11,674,736</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CEDAR LAKE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 509,337	\$ 4,327,895	\$ 3,716,582	\$ 1,120,650
Motor Vehicle Highway	69,011	259,616	249,084	79,543
Local Road & Street	56,580	119,436	131,052	44,964
Park & Recreation Non-Reverting Operating	28,653	17,212	14,113	31,752
Economic Development Tourism Grant Fund	375	-	375	-
Garbage	63,435	1,024,475	760,588	327,322
Law Enforcement Education Fund	39,870	23,833	31,995	31,708
Casino Gaming Fund	305,126	303,849	269,460	339,515
Rainy Day Fund	19,652	21,178	6,749	34,081
Asset Seizure Fund	5,580	-	-	5,580
Levy Excess Fund	6,847	-	-	6,847
Local Major Moves Construction	59,693	-	59,693	-
Cumulative Capital Improvement	9,096	57,861	43,221	23,736
Cumulative Capital Development	297,005	300,355	141,438	455,922
Police Non-Reverting	-	42,971	14,078	28,893
Redevelopment Bond Proceeds	935,199	-	190,823	744,376
Ambulance Non-Reverting Capital	46,597	26,550	60,264	12,883
Redevelopment T.I.F. Allocation	157,134	717,680	647,133	227,681
Metro Police Pension Fund	256,478	140,161	100,077	296,562
General Fund Non-Reverting Donation	16,950	6,001	19,484	3,467
Lake County Solid Waste Grant	67,267	28,085	68,987	26,365
Police Asset Forfeiture	5,326	568	265	5,629
Dare Program	3,000	12,861	7,481	8,380
Police Grants	6,340	22,285	24,773	3,852
Town Hall Debt Service	-	113,357	84,240	29,117
Park District Bond Issue	-	50,607	48,310	2,297
Clubhouse Non-Reverting	4,609	6,700	484	10,825
Redevelopment District General	48,991	19,302	13,503	54,790
Redevelopment Capital Projects	8,385	-	-	8,385
Redevelopment Debt Service Reserve	46,706	-	-	46,706
Redevelopment Authority 2007 Bonds	48,737	8	-	48,745
Redevelopment Authority Lease Rental Bonds	-	520,570	428,670	91,900
Redevelopment Debt Service	95,977	228,094	229,344	94,727
Redevelopment Authority 2011A Bonds	-	1,981,306	1,520,691	460,615
Redevelopment Authority 2011B Bonds	-	1,981,306	718,452	1,262,854
Net Wage Clearing Account	477	2,130	1,546	1,061
Payroll	38,506	2,327,219	2,325,109	40,616
Cash Bond Escrow	492,729	827,837	843,177	477,389
Cedar Lake Enhancement Build Indiana	194	-	-	194
Chase High Yield Savings	252	7,963	252	7,963
Storm Water Operating	82,237	573,347	491,065	164,519
Storm Water Bond Proceeds	2,868	-	-	2,868
Storm Water Debt Service	96,039	203,985	203,485	96,539
Storm Water Debt Reserve	216,470	-	-	216,470
Storm Water Capital Construction	162,099	54,033	-	216,132
Wastewater Operating	639,278	4,243,697	3,446,854	1,436,121
Wastewater Development	1,486,705	139,761	-	1,626,466
Sewer Sinking Account	2,499	708,613	229,783	481,329
Sewer Sinking Reserve	489,633	-	-	489,633
Wastewater Depreciation	201,105	237,822	239,812	199,115
W.W.T.P. Special	3,288,476	522,504	-	3,810,980
Water Utility Operating	243,823	798,787	629,324	413,286
Water Utility Customer Deposit	7,635	4,104	6,336	5,403
Water Debt Service	-	342,194	316,176	26,018
Water Development	587,390	16,700	504,009	100,081
Water Bond Proceeds	1,000	-	1,000	-
Water BAN Proceeds	235,251	52,500	221,093	66,658
Water BAN Debt Reserve	-	29,400	29,400	-
Utility Clearing Account	1,500	5,740,867	5,671,791	70,576
Emergency Medical Services Grants	-	-	-	-
Criminal Justice Institute Grant	-	-	-	-
Drinking Water Trust	180,614	217,236	257,288	140,562
Storm Water Bond Proceeds	-	-	-	-
Waterworks Revenue Bonds	-	-	-	-
Waterworks Revenue BANs	-	1,750,000	1,750,000	-
Totals	\$ 11,674,736	\$ 31,154,821	\$ 26,768,909	\$ 16,060,648

The notes to the financial statements are an integral part of this statement.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), innkeepers tax, food and beverage tax, boat and trailer excise tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

TOWN OF CEDAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1977 Police Officers' Pension and Disability Fund

Plan Description

The 1977 Police Officers' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road & Street	Park & Recreation Non-Reverting Operating	Economic Development Tourism Grant Fund	Garbage
Cash and investments - beginning	\$ 311,939	\$ 56,943	\$ 34,483	\$ 70,720	\$ 650	\$ 64,528
Receipts:						
Taxes	1,728,227	-	-	-	4,725	-
Licenses and permits	643,805	250	-	-	-	-
Intergovernmental	213,469	256,383	115,394	-	-	-
Charges for services	224,609	-	-	13,957	-	769,599
Fines and forfeits	82,145	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	830,162	14	-	733	-	-
Total receipts	<u>3,722,417</u>	<u>256,647</u>	<u>115,394</u>	<u>14,690</u>	<u>4,725</u>	<u>769,599</u>
Disbursements:						
Personal services	1,784,898	194,386	-	3,171	-	-
Supplies	81,358	32,782	54,575	9,950	-	-
Other services and charges	990,443	8,453	-	424	5,000	770,692
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	73,677	8,958	38,722	43,212	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	594,643	-	-	-	-	-
Total disbursements	<u>3,525,019</u>	<u>244,579</u>	<u>93,297</u>	<u>56,757</u>	<u>5,000</u>	<u>770,692</u>
Excess (deficiency) of receipts over disbursements	<u>197,398</u>	<u>12,068</u>	<u>22,097</u>	<u>(42,067)</u>	<u>(275)</u>	<u>(1,093)</u>
Cash and investments - ending	<u>\$ 509,337</u>	<u>\$ 69,011</u>	<u>\$ 56,580</u>	<u>\$ 28,653</u>	<u>\$ 375</u>	<u>\$ 63,435</u>

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Law Enforcement Education Fund	Casino Gaming Fund	Rainy Day Fund	Asset Seizure Fund	Levy Excess Fund	Local Major Moves Construction
Cash and investments - beginning	\$ 37,066	\$ 274,248	\$ 21,793	\$ 7,295	\$ -	\$ 109,338
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	5,960	-	-	-	-	-
Intergovernmental	10,271	135,352	-	-	-	-
Charges for services	1,925	-	-	-	-	-
Fines and forfeits	17,295	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,785	51,523	13,279	-	6,847	-
Total receipts	37,236	186,875	13,279	-	6,847	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	1,630	6,067	-	-	-	49,645
Other services and charges	6,259	49,376	2,177	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	26,543	100,554	13,243	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	1,715	-	-
Total disbursements	34,432	155,997	15,420	1,715	-	49,645
Excess (deficiency) of receipts over disbursements	2,804	30,878	(2,141)	(1,715)	6,847	(49,645)
Cash and investments - ending	\$ 39,870	\$ 305,126	\$ 19,652	\$ 5,580	\$ 6,847	\$ 59,693

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Police Non-Reverting	Redevelopment Bond Proceeds	Ambulance Non-Reverting Capital	Redevelopment T.I.F. Allocation
Cash and investments - beginning	\$ 64,063	\$ 249,349	\$ -	\$ 1,038,101	\$ 15,802	\$ 409,797
Receipts:						
Taxes	-	148,790	-	-	-	387,544
Licenses and permits	-	-	-	-	-	-
Intergovernmental	27,169	15,874	-	-	-	4,235
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	20,048	-	-	350	30,795	30,253
Total receipts	47,217	164,664	-	350	30,795	422,032
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	26,047	-	-	103,252	-	211,066
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	34,954	117,008	-	-	-	186,652
Utility operating expenses	-	-	-	-	-	-
Other disbursements	41,183	-	-	-	-	276,977
Total disbursements	102,184	117,008	-	103,252	-	674,695
Excess (deficiency) of receipts over disbursements	(54,967)	47,656	-	(102,902)	30,795	(252,663)
Cash and investments - ending	\$ 9,096	\$ 297,005	\$ -	\$ 935,199	\$ 46,597	\$ 157,134

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Metro Police Pension Fund	General Fund Non-Reverting Donation	Lake County Solid Waste Grant	Police Asset Forfeiture	Dare Program	Police Grants
Cash and investments - beginning	\$ 147,543	\$ 44,057	\$ 62,022	\$ 3,751	\$ -	\$ 5,932
Receipts:						
Taxes	57,633	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	149,092	-	56,170	-	-	19,184
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	209	44,037	-	1,575	3,000	-
Total receipts	206,934	44,037	56,170	1,575	3,000	19,184
Disbursements:						
Personal services	-	-	42,528	-	-	18,776
Supplies	-	-	6,212	-	-	-
Other services and charges	97,999	-	685	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	1,500	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	71,144	-	-	-	-
Total disbursements	97,999	71,144	50,925	-	-	18,776
Excess (deficiency) of receipts over disbursements	108,935	(27,107)	5,245	1,575	3,000	408
Cash and investments - ending	\$ 256,478	\$ 16,950	\$ 67,267	\$ 5,326	\$ 3,000	\$ 6,340

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Town Hall Debt Service	Park District Bond Issue	Clubhouse Non-Reverting	Redevelopment District General	Redevelopment Capital Projects	Redevelopment Debt Service Reserve
Cash and investments - beginning	\$ 2,175	\$ 1,541	\$ 2,711	\$ 28,756	\$ 10,828	\$ 46,708
Receipts:						
Taxes	32,395	20,718	-	24,861	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	6,269	3,457	-	1,447	-	-
Charges for services	-	-	6,000	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	28,240	12,945	-	-	1	-
Total receipts	66,904	37,120	6,000	26,308	1	-
Disbursements:						
Personal services	-	-	-	1,907	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	4,102	4,166	2,444	-
Debt service - principal and interest	59,000	28,691	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	10,079	9,970	-	-	-	2
Total disbursements	69,079	38,661	4,102	6,073	2,444	2
Excess (deficiency) of receipts over disbursements	(2,175)	(1,541)	1,898	20,235	(2,443)	(2)
Cash and investments - ending	\$ -	\$ -	\$ 4,609	\$ 48,991	\$ 8,385	\$ 46,706

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Redevelopment Authority 2007 Bonds	Redevelopment Authority Lease Rental Bonds	Redevelopment Debt Service	Redevelopment Authority 2011A Bonds	Redevelopment Authority 2011B Bonds	Net Wage Clearing Account
Cash and investments - beginning	\$ 709,016	\$ 8,645	\$ -	\$ -	\$ -	\$ 477
Receipts:						
Taxes	-	128,826	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	21,583	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>44</u>	<u>73,354</u>	<u>276,977</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>44</u>	<u>223,763</u>	<u>276,977</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	183,817	-	-	-	-	-
Debt service - principal and interest	-	168,500	-	-	-	-
Capital outlay	476,506	-	181,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>-</u>	<u>63,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>660,323</u>	<u>232,408</u>	<u>181,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(660,279)</u>	<u>(8,645)</u>	<u>95,977</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 48,737</u>	<u>\$ -</u>	<u>\$ 95,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477</u>

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Payroll	Cash Bond Escrow	Cedar Lake Enhancement Build Indiana	Chase High Yield Savings	Storm Water Operating	Storm Water Bond Proceeds
Cash and investments - beginning	\$ 39,400	\$ 84,978	\$ 194	\$ -	\$ 98,038	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	564,911	-
Other receipts	<u>2,252,840</u>	<u>495,291</u>	<u>-</u>	<u>252</u>	<u>51,859</u>	<u>2,868</u>
Total receipts	<u>2,252,840</u>	<u>495,291</u>	<u>-</u>	<u>252</u>	<u>616,770</u>	<u>2,868</u>
Disbursements:						
Personal services	2,235	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	18,946	-
Utility operating expenses	-	-	-	-	248,979	-
Other disbursements	<u>2,251,499</u>	<u>87,540</u>	<u>-</u>	<u>-</u>	<u>364,646</u>	<u>-</u>
Total disbursements	<u>2,253,734</u>	<u>87,540</u>	<u>-</u>	<u>-</u>	<u>632,571</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(894)</u>	<u>407,751</u>	<u>-</u>	<u>252</u>	<u>(15,801)</u>	<u>2,868</u>
Cash and investments - ending	<u>\$ 38,506</u>	<u>\$ 492,729</u>	<u>\$ 194</u>	<u>\$ 252</u>	<u>\$ 82,237</u>	<u>\$ 2,868</u>

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Storm Water Debt Service	Storm Water Debt Reserve	Storm Water Capital Construction	Wastewater Operating	Wastewater Development	Sewer Sinking Account
Cash and investments - beginning	\$ 92,522	\$ 216,470	\$ 54,033	\$ 920,021	\$ 1,328,905	\$ 1,109,061
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	4,995,461	-	-
Other receipts	209,865	216,470	162,099	1,374,560	1,480,105	7,470,606
Total receipts	209,865	216,470	162,099	6,370,021	1,480,105	7,470,606
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	206,348	-	-	-	-	6,659,579
Capital outlay	-	-	-	40,741	-	-
Utility operating expenses	-	-	-	2,532,840	-	-
Other disbursements	-	216,470	54,033	4,077,183	1,322,305	1,917,589
Total disbursements	206,348	216,470	54,033	6,650,764	1,322,305	8,577,168
Excess (deficiency) of receipts over disbursements	3,517	-	108,066	(280,743)	157,800	(1,106,562)
Cash and investments - ending	\$ 96,039	\$ 216,470	\$ 162,099	\$ 639,278	\$ 1,486,705	\$ 2,499

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Sewer Sinking Reserve	Wastewater Depreciation	W.W.T.P. Special	Water Utility Operating	Water Utility Customer Deposit	Water Debt Service
Cash and investments - beginning	\$ -	\$ 210,819	\$ 2,777,075	\$ 159,751	\$ 2,882	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	541,938	-	-
Other receipts	<u>489,633</u>	<u>227,200</u>	<u>3,486,547</u>	<u>188,326</u>	<u>7,345</u>	<u>118,216</u>
Total receipts	<u>489,633</u>	<u>227,200</u>	<u>3,486,547</u>	<u>730,264</u>	<u>7,345</u>	<u>118,216</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	118,216
Capital outlay	-	236,914	-	16,491	-	-
Utility operating expenses	-	-	-	442,598	-	-
Other disbursements	<u>-</u>	<u>-</u>	<u>2,975,146</u>	<u>187,103</u>	<u>2,592</u>	<u>-</u>
Total disbursements	<u>-</u>	<u>236,914</u>	<u>2,975,146</u>	<u>646,192</u>	<u>2,592</u>	<u>118,216</u>
Excess (deficiency) of receipts over disbursements	<u>489,633</u>	<u>(9,714)</u>	<u>511,401</u>	<u>84,072</u>	<u>4,753</u>	<u>-</u>
Cash and investments - ending	<u>\$ 489,633</u>	<u>\$ 201,105</u>	<u>\$ 3,288,476</u>	<u>\$ 243,823</u>	<u>\$ 7,635</u>	<u>\$ -</u>

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Water Development	Water Bond Proceeds	Water BAN Proceeds	Water BAN Debt Reserve	Utility Clearing Account	Emergency Medical Service Grants
Cash and investments - beginning	\$ 28,420	\$ -	\$ -	\$ -	\$ -	\$ 51
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	851,270	796,000	1,663,200	-	1,500	-
Total receipts	851,270	796,000	1,663,200	-	1,500	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	510,803	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	292,300	795,000	917,146	-	-	51
Total disbursements	292,300	795,000	1,427,949	-	-	51
Excess (deficiency) of receipts over disbursements	558,970	1,000	235,251	-	1,500	(51)
Cash and investments - ending	\$ 587,390	\$ 1,000	\$ 235,251	\$ -	\$ 1,500	\$ -

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Criminal Justice Institute Grant	Drinking Water Trust	Storm Water Bond Proceeds	Waterworks Revenue Bonds	Waterworks Revenue BANs	Totals
Cash and investments - beginning	\$ -	\$ 137,992	\$ 380,000	\$ -	\$ -	\$ 11,480,889
Receipts:						
Taxes	-	-	-	-	-	2,533,719
Licenses and permits	-	-	-	-	-	650,015
Intergovernmental	1,785	-	-	-	-	1,037,134
Charges for services	-	-	-	-	-	1,016,090
Fines and forfeits	-	-	-	-	-	99,440
Utility fees	-	-	-	-	-	6,102,310
Other receipts	-	162,642	-	1,700,000	750,000	25,584,865
Total receipts	1,785	162,642	-	1,700,000	750,000	37,023,573
Disbursements:						
Personal services	-	-	-	-	-	2,047,901
Supplies	-	-	-	-	-	242,219
Other services and charges	-	-	-	-	-	2,466,402
Debt service - principal and interest	-	-	-	1,663,285	652,218	10,066,640
Capital outlay	-	-	-	-	-	1,615,621
Utility operating expenses	-	-	-	-	-	3,224,417
Other disbursements	1,785	120,020	380,000	36,715	97,782	17,166,526
Total disbursements	1,785	120,020	380,000	1,700,000	750,000	36,829,726
Excess (deficiency) of receipts over disbursements	-	42,622	(380,000)	-	-	193,847
Cash and investments - ending	\$ -	\$ 180,614	\$ -	\$ -	\$ -	\$ 11,674,736

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011

	General Fund	Motor Vehicle Highway	Local Road & Street	Park & Recreation Non-Reverting Operating	Economic Development Tourism Grant Fund	Garbage
Cash and investments - beginning	\$ 509,337	\$ 69,011	\$ 56,580	\$ 28,653	\$ 375	\$ 63,435
Receipts:						
Taxes	3,372,669	-	-	-	-	-
Licenses and permits	228,716	-	-	-	-	-
Intergovernmental	244,310	259,091	112,577	-	-	-
Charges for services	349,720	500	6,859	15,897	-	1,024,475
Fines and forfeits	76,366	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	56,114	25	-	1,315	-	-
Total receipts	4,327,895	259,616	119,436	17,212	-	1,024,475
Disbursements:						
Personal services	1,843,207	199,966	-	6,564	-	-
Supplies	107,952	26,628	92,330	6,644	-	-
Other services and charges	1,017,443	12,678	-	230	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	31,909	9,812	38,722	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	716,071	-	-	675	375	760,588
Total disbursements	3,716,582	249,084	131,052	14,113	375	760,588
Excess (deficiency) of receipts over disbursements	611,313	10,532	(11,616)	3,099	(375)	263,887
Cash and investments - ending	\$ 1,120,650	\$ 79,543	\$ 44,964	\$ 31,752	\$ -	\$ 327,322

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Law Enforcement Education Fund	Casino Gaming Fund	Rainy Day Fund	Asset Seizure Fund	Levy Excess Fund	Local Major Moves Construction
Cash and investments - beginning	\$ 39,870	\$ 305,126	\$ 19,652	\$ 5,580	\$ 6,847	\$ 59,693
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	4,840	-	-	-	-	-
Intergovernmental	-	110,762	-	-	-	-
Charges for services	2,670	-	-	-	-	-
Fines and forfeits	15,990	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	333	193,087	21,178	-	-	-
Total receipts	23,833	303,849	21,178	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	5,822	1,412	-	-	-	44,143
Other services and charges	10,335	22,114	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	15,838	74,679	6,749	-	-	15,550
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	171,255	-	-	-	-
Total disbursements	31,995	269,460	6,749	-	-	59,693
Excess (deficiency) of receipts over disbursements	(8,162)	34,389	14,429	-	-	(59,693)
Cash and investments - ending	\$ 31,708	\$ 339,515	\$ 34,081	\$ 5,580	\$ 6,847	\$ -

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Police Non-Reverting	Redevelopment Bond Proceeds	Ambulance Non-Reverting Capital	Redevelopment T.I.F. Allocation
Cash and investments - beginning	\$ 9,096	\$ 297,005	\$ -	\$ 935,199	\$ 46,597	\$ 157,134
Receipts:						
Taxes	-	283,327	-	-	-	579,724
Licenses and permits	-	-	-	-	-	-
Intergovernmental	26,647	17,028	-	-	-	-
Charges for services	-	-	2,520	-	-	-
Fines and forfeits	-	-	24,903	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	31,214	-	15,548	-	26,550	137,956
Total receipts	57,861	300,355	42,971	-	26,550	717,680
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	12,646	-	-	190,823	-	21,397
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	30,575	141,438	-	-	60,264	42,786
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	14,078	-	-	582,950
Total disbursements	43,221	141,438	14,078	190,823	60,264	647,133
Excess (deficiency) of receipts over disbursements	14,640	158,917	28,893	(190,823)	(33,714)	70,547
Cash and investments - ending	\$ 23,736	\$ 455,922	\$ 28,893	\$ 744,376	\$ 12,883	\$ 227,681

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Metro Police Pension Fund	General Fund Non-Reverting Donation	Lake County Solid Waste Grant	Police Asset Forfeiture	Dare Program	Police Grants
Cash and investments - beginning	\$ 256,478	\$ 16,950	\$ 67,267	\$ 5,326	\$ 3,000	\$ 6,340
Receipts:						
Taxes	39,686	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,379	-	28,085	-	-	22,285
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	568	-	-
Utility fees	-	-	-	-	-	-
Other receipts	99,096	6,001	-	-	12,861	-
Total receipts	140,161	6,001	28,085	568	12,861	22,285
Disbursements:						
Personal services	-	-	55,375	-	-	24,773
Supplies	-	-	12,200	-	-	-
Other services and charges	-	-	1,412	265	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	100,077	19,484	-	-	7,481	-
Total disbursements	100,077	19,484	68,987	265	7,481	24,773
Excess (deficiency) of receipts over disbursements	40,084	(13,483)	(40,902)	303	5,380	(2,488)
Cash and investments - ending	\$ 296,562	\$ 3,467	\$ 26,365	\$ 5,629	\$ 8,380	\$ 3,852

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Town Hall Debt Service	Park District Bond Issue	Clubhouse Non-Reverting	Redevelopment District General	Redevelopment Capital Projects	Redevelopment Debt Service Reserve
Cash and investments - beginning	\$ -	\$ -	\$ 4,609	\$ 48,991	\$ 8,385	\$ 46,706
Receipts:						
Taxes	108,141	33,802	-	18,052	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	5,216	388	-	1,250	-	-
Charges for services	-	-	6,150	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	16,417	550	-	-	-
Total receipts	<u>113,357</u>	<u>50,607</u>	<u>6,700</u>	<u>19,302</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	2,016	-	-
Supplies	-	-	-	73	-	-
Other services and charges	-	-	-	11,414	-	-
Debt service - principal and interest	-	28,919	-	-	-	-
Capital outlay	-	-	484	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	84,240	19,391	-	-	-	-
Total disbursements	<u>84,240</u>	<u>48,310</u>	<u>484</u>	<u>13,503</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>29,117</u>	<u>2,297</u>	<u>6,216</u>	<u>5,799</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 29,117</u>	<u>\$ 2,297</u>	<u>\$ 10,825</u>	<u>\$ 54,790</u>	<u>\$ 8,385</u>	<u>\$ 46,706</u>

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Redevelopment Authority 2007 Bonds	Redevelopment Authority Lease Rental Bonds	Redevelopment Debt Service	Redevelopment Authority 2011A Bonds	Redevelopment Authority 2011B Bonds	Net Wage Clearing Account
Cash and investments - beginning	\$ 48,737	\$ -	\$ 95,977	\$ -	\$ -	\$ 477
Receipts:						
Taxes	-	349,351	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	16,381	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	8	154,838	228,094	1,981,306	1,981,306	2,130
Total receipts	8	520,570	228,094	1,981,306	1,981,306	2,130
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	342,192	287,893	-
Debt service - principal and interest	-	252,000	229,344	-	-	-
Capital outlay	-	-	-	1,178,499	430,559	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	176,670	-	-	-	1,546
Total disbursements	-	428,670	229,344	1,520,691	718,452	1,546
Excess (deficiency) of receipts over disbursements	8	91,900	(1,250)	460,615	1,262,854	584
Cash and investments - ending	\$ 48,745	\$ 91,900	\$ 94,727	\$ 460,615	\$ 1,262,854	\$ 1,061

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Payroll	Cash Bond Escrow	Cedar Lake Enhancement Build Indiana	Chase High Yield Savings	Storm Water Operating	Storm Water Bond Proceeds
Cash and investments - beginning	\$ 38,506	\$ 492,729	\$ 194	\$ 252	\$ 82,237	\$ 2,868
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	29,160	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	573,347	-
Other receipts	<u>2,327,219</u>	<u>798,677</u>	<u>-</u>	<u>7,963</u>	<u>-</u>	<u>-</u>
Total receipts	<u>2,327,219</u>	<u>827,837</u>	<u>-</u>	<u>7,963</u>	<u>573,347</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	17,666	-
Utility operating expenses	-	-	-	-	204,611	-
Other disbursements	<u>2,325,109</u>	<u>843,177</u>	<u>-</u>	<u>252</u>	<u>268,788</u>	<u>-</u>
Total disbursements	<u>2,325,109</u>	<u>843,177</u>	<u>-</u>	<u>252</u>	<u>491,065</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,110</u>	<u>(15,340)</u>	<u>-</u>	<u>7,711</u>	<u>82,282</u>	<u>-</u>
Cash and investments - ending	<u>\$ 40,616</u>	<u>\$ 477,389</u>	<u>\$ 194</u>	<u>\$ 7,963</u>	<u>\$ 164,519</u>	<u>\$ 2,868</u>

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Storm Water Debt Service	Storm Water Debt Reserve	Storm Water Capital Construction	Wastewater Operating	Wastewater Development	Sewer Sinking Account
Cash and investments - beginning	\$ 96,039	\$ 216,470	\$ 162,099	\$ 639,278	\$ 1,486,705	\$ 2,499
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	4,243,697	139,761	-
Other receipts	203,985	-	54,033	-	-	708,613
Total receipts	203,985	-	54,033	4,243,697	139,761	708,613
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	203,085	-	-	-	-	228,077
Capital outlay	-	-	-	34,151	-	-
Utility operating expenses	-	-	-	1,970,037	-	1,500
Other disbursements	400	-	-	1,442,666	-	206
Total disbursements	203,485	-	-	3,446,854	-	229,783
Excess (deficiency) of receipts over disbursements	500	-	54,033	796,843	139,761	478,830
Cash and investments - ending	\$ 96,539	\$ 216,470	\$ 216,132	\$ 1,436,121	\$ 1,626,466	\$ 481,329

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Sewer Sinking Reserve	Wastewater Depreciation	W.W.T.P. Special	Water Utility Operating	Water Utility Customer Deposit	Water Debt Service
Cash and investments - beginning	\$ 489,633	\$ 201,105	\$ 3,288,476	\$ 243,823	\$ 7,635	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	711,987	4,104	-
Other receipts	-	237,822	522,504	86,800	-	342,194
Total receipts	-	237,822	522,504	798,787	4,104	342,194
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	316,176
Capital outlay	-	185,512	-	10,142	-	-
Utility operating expenses	-	54,300	-	213,035	-	-
Other disbursements	-	-	-	406,147	6,336	-
Total disbursements	-	239,812	-	629,324	6,336	316,176
Excess (deficiency) of receipts over disbursements	-	(1,990)	522,504	169,463	(2,232)	26,018
Cash and investments - ending	\$ 489,633	\$ 199,115	\$ 3,810,980	\$ 413,286	\$ 5,403	\$ 26,018

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Water Development	Water Bond Proceeds	Water BAN Proceeds	Water BAN Debt Reserve	Utility Clearing Account	Emergency Medical Services Grant
Cash and investments - beginning	\$ 587,390	\$ 1,000	\$ 235,251	\$ -	\$ 1,500	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	16,700	-	-	-	-	-
Other receipts	-	-	52,500	29,400	5,740,867	-
Total receipts	16,700	-	52,500	29,400	5,740,867	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	42,900	29,400	-	-
Capital outlay	504,009	-	-	-	-	-
Utility operating expenses	-	-	178,193	-	-	-
Other disbursements	-	1,000	-	-	5,671,791	-
Total disbursements	504,009	1,000	221,093	29,400	5,671,791	-
Excess (deficiency) of receipts over disbursements	(487,309)	(1,000)	(168,593)	-	69,076	-
Cash and investments - ending	\$ 100,081	\$ -	\$ 66,658	\$ -	\$ 70,576	\$ -

TOWN OF CEDAR LAKE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Criminal Justice Institute Grants	Drinking Water Trust	Storm Water Bond Proceeds	Waterworks Revenue Bonds	Waterworks Revenue BANs	Totals
Cash and investments - beginning	\$ -	\$ 180,614	\$ -	\$ -	\$ -	\$ 11,674,736
Receipts:						
Taxes	-	-	-	-	-	4,784,752
Licenses and permits	-	-	-	-	-	262,716
Intergovernmental	-	-	-	-	-	845,399
Charges for services	-	-	-	-	-	1,408,791
Fines and forfeits	-	-	-	-	-	117,827
Utility fees	-	-	-	-	-	5,689,596
Other receipts	-	217,236	-	-	1,750,000	18,045,740
Total receipts	-	217,236	-	-	1,750,000	31,154,821
Disbursements:						
Personal services	-	-	-	-	-	2,131,901
Supplies	-	-	-	-	-	297,204
Other services and charges	-	-	-	-	-	1,930,842
Debt service - principal and interest	-	-	-	-	1,680,000	3,009,901
Capital outlay	-	-	-	-	-	2,829,344
Utility operating expenses	-	-	-	-	-	2,621,676
Other disbursements	-	257,288	-	-	70,000	13,948,041
Total disbursements	-	257,288	-	-	1,750,000	26,768,909
Excess (deficiency) of receipts over disbursements	-	(40,052)	-	-	-	4,385,912
Cash and investments - ending	\$ -	\$ 140,562	\$ -	\$ -	\$ -	\$ 16,060,648

TOWN OF CEDAR LAKE
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
1st Source Bank	2009 Dodge Durango & Chargers	\$ 22,798	06-02-09	06-02-12
1st Source Bank	2008 Chevy Silverado	1,913	04-18-08	04-08-13
1st Source Bank	2010 Dodge Chargers	21,885	12-03-10	06-03-13
Banc of America	John Deere Loader Noram Grader Bomag Paver Bomag Roller	45,767	12-28-06	12-28-11
Ford Motor Credit	2009 Ford Crown Victoria's	24,965	06-19-09	06-19-11
GE Capital Finance	Konica Minolta Bizhub	5,557	02-24-10	02-24-13
JPMorgan Chase Bank	2011 Freightliners	39,024	06-27-11	01-26-16
PNC Equipment Finance	2006 Ford Ambulance	11,862	10-01-07	04-01-11
PNC Equipment Finance	2011 Dodge Chargers	14,768	12-07-11	06-07-16
PNC Equipment Finance	2008 Chevy Ambulance	21,060	10-01-10	10-01-14
TD Auto Finance	2007 Dodge Chargers	13,518	10-10-07	10-10-11
Total governmental activities		223,117		
Storm Water:				
1st Source Bank	2008 Chevy Silverado	1,913	04-18-08	04-08-13
PNC Equipment Finance	John Deere Excavator	3,526	02-01-10	08-01-15
Total Storm Water		5,439		
Wastewater:				
1st Source Bank	2008 Chevy Silverado	1,913	04-18-08	04-08-13
Banc of America	John Deere Backhoe Loader	14,541	12-28-06	12-28-11
JPMorgan Chase Bank	2012 Vactor	17,913	06-27-11	01-26-16
PNC Equipment Finance	John Deere Excavator	3,526	02-01-10	08-01-15
PNC Equipment Finance	2009 Chevy Silverado	5,587	02-01-10	08-01-15
Total Wastewater		43,480		
Total of annual lease payments		\$ 272,036		
Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year	
Type	Purpose			
Governmental activities:				
General obligation bonds	Town Hall Debt - Mortgage Bonds	\$ 230,000	\$ 59,000	
General obligation bonds	Redevelopment Authority - Tandem w/ Storm Water Bond	3,370,000	335,000	
General obligation bonds	Redevelopment Authority A and B Bonds - Cedar Point Park/Shades & Oaks	3,810,000	330,000	
Revenue bonds	Redevelopment TIF 133rd Improvements	2,610,000	225,344	
Total governmental activities		10,020,000	949,344	
Storm Water:				
Revenue bonds	Storm Water Infrastructure Improvements	2,410,000	209,385	
Wastewater:				
Revenue bonds	Sewage Works Refunding	4,935,000	485,258	
Water:				
Revenue bonds	Water Utility Acquisition and Improvements	3,402,500	276,267	
Revenue bonds	Waterworks Bond Anticipation Note	1,680,000	29,400	
Total Water		5,082,500	305,667	
Totals		\$ 22,447,500	\$ 1,949,654	

TOWN OF CEDAR LAKE
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 8,374,538
Infrastructure	14,480,028
Buildings	905,260
Improvements other than buildings	167,331
Machinery and equipment	2,629,602
Construction in progress	<u>6,062,418</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 32,619,177</u>
 <u>Primary Government</u>	 <u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 435,500
Construction in progress	682,601
Buildings	471,153
Improvements other than buildings	2,797,637
Machinery and equipment	<u>171,566</u>
Total Water Utility capital assets	<u>4,558,457</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	1,759,255
Buildings	54,832
Improvements other than buildings	12,875,678
Machinery and equipment	<u>591,373</u>
Total Wastewater Utility capital assets	<u>15,281,138</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	4,565,361
Machinery and equipment	<u>1,867,492</u>
Total Storm Water Utility capital assets	<u>6,432,853</u>
Total business-type activities capital assets	<u>\$ 26,272,448</u>

TOWN OF CEDAR LAKE
AUDIT RESULTS AND COMMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not ensure that employees had the adequate training, nor did they take advantage of available opportunities to seek the guidance necessary to prepare an accurate Schedule of Expenditures of Federal Awards. Adequate internal control over reporting of Federal awards requires that employees be aware of the applicable requirements and that they have requisite knowledge to prepare an accurate schedule. In addition, adequate internal control requires sufficient oversight by management and the governing bodies to ensure accurate reporting of federal awards.

Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, has the following requirements for grantees:

"The auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §____.310. . . .

§____.310 Financial statements. . . .

(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately."

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRANSACTION RECORDING

The Town had three separate debt issues (Bonds and Bond Anticipation Notes [BAN]) during 2010 and 2011. The debt proceeds were used to pay off prior debt issues and finance utility acquisition and construction. The transactions related to the debt issues were not recorded in the Town's ledgers or included in the Town's financial statements. The amount of the debt issues totaled \$4,200,000. With the approval of the officials, audit adjustments were made to the financial statements. The activity is presented in funds titled "Waterworks Revenue Bonds" and "Waterworks Revenue BANs."

TOWN OF CEDAR LAKE
AUDIT RESULTS AND COMMENTS
(Continued)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DRINKING WATER TRUST FUNDS

The Town has a trust fund account held at the Bank of New York, Mellon, which is not recorded in the records of the Town. The activity of this trust account has been abstracted from the bank statements and included in the report as the "Drinking Water Trust" fund. This fund was included in the prior audit report. It was established with funds from the Water Operating Fund and the financing for the purchase of Utilities Inc., (a local water utility). The balance of this fund at December 31, 2011, is \$140,562 and is used to finance the debt service reserve for "Utilities Inc."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

WATER UTILITY OPERATING POLICIES

In 2009, the Town purchased a local water utility and is in the process of expanding water service to other areas of the Town. Operating policies (Rules and Regulations) have not been approved as of May 2, 2012. As a result, policies addressing delinquency, shut off procedures, refund procedures for overpayments, application of a customer deposit to a final bill, or the return of the customer deposit for being credit worthy, have not been formally adopted.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CEDAR LAKE
AUDIT RESULTS AND COMMENTS
(Continued)

FACILITY RENTAL FEES

The Town rents out various facilities, such as shelters, gazebos, and the park clubhouse. Rentals are arranged at Town Hall using a facility permit. The following issues of noncompliance were noted in a test of rentals:

1. Of the eight facilities and fees noted on the Facility Permit, only the Gazebo fee had been approved by the Town Council (Ordinance 575). The other fees have not been authorized by the Town Council.
2. The Gazebo fee as approved by Ordinance is \$25 for each hour of usage. Only one hour is charged no matter how many hours the facility is rented.
3. Fees from the rentals of the Monastery Clubhouse are deposited into the General Fund of the Town. According to the Town's Code of Ordinances 32.74, these fees should be deposited into a Special Monastery Woods Clubhouse Non-Reverting Fund. This fund is to be used for the operation, maintenance, and upkeep for the Monastery Woods Clubhouse facility.
4. Facility Permits could not be located for all rentals noted on the rental calendar.
5. Facility Permits are not prenumbered and do not note the receipt number for payments received.
6. Town Council approval to waive fees for bi-weekly rentals by an organization could not be located for audit.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

EMERGENCY MEDICAL SERVICE FEES - PENALTIES

The Town Code of Ordinances establishes policies and procedures for collection of ambulance and emergency medical service charges. Code section 32.27 states, "In the event that accounts receivable under this subchapter, as amended from time to time, are not paid within the time fixed by the town or a town agency or department, the same shall be deemed delinquent. A penalty of 10 percent of the amount of the account receivable shall attach as delinquent fees." However, penalties have not been assessed on delinquent accounts.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CEDAR LAKE
AUDIT RESULTS AND COMMENTS
(Continued)

BUILDING PERMIT CONTROLS

Building permit application forms are pre-numbered and distributed sequentially to contractors or Town residents. A log is maintained of the application numbers. The log notes the customer's name, address, type of work, and cost estimate of project. Many applications are not returned by customers who decide not to proceed with their project. When applications are returned and approved, the permit is available for the customer to pick up and pay the permit fee. The permit (sign to be displayed at project) is issued by manually writing the application number on the sign. The application number then becomes the permit number. Since not all applications are returned, permits are not issued in numerical order and, therefore, there are gaps in the permit numbers actually issued. The accounting for the actual number of permits issued (and paid) is not available. The building department's software for building permits is not able to generate a report detailing a list of the completed paid permits, including the receipt number and the amount paid.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INCORRECT TOWN DEFERRAL FEES CHARGED AND DISTRIBUTED

The Town currently charges \$182 for an applicant to participate in the Town Deferral Program, as noted in Ordinance No. 997. (The Deferral Program allows the user to have the original moving traffic violation dismissed if they drive for six months without receiving another traffic citation.) Per statute, deferral program fees should be \$112 plus court costs of \$77.50, for a total of \$189.50. Currently, the County remits \$112 to the Town and \$70 to various court cost funds. Per statute, \$2 of the deferral fee collected shall be accounted for as a Jury fee (County fund). Accordingly, the Town should only receive \$110 of the Deferral Program fee.

Instead of the infraction or ordinance violation costs prescribed by IC 33-37-4-2, the clerk shall collect a deferral program fee if an agreement between a prosecuting attorney or an attorney for a municipal corporation and the person charged with a violation entered into under IC 34-28-5-1 (or IC 34-4-32-1 before its repeal) requires payment of those fees by the person charged with the violation. The deferral program fee is an initial user's fee of not to exceed fifty-two dollars (\$52.00) and a monthly user's fee of not to exceed ten dollars (\$10.00) for each month the person remains in the deferral program. [IC 33-37-4-2(e)]

In addition, IC 34-28-5-1 requires the defendant in the action to agree to pay a fee of seventy dollars (\$70.00) to the clerk of the court if the action involves a moving traffic offense (as defined in IC 9-13-2-110). Furthermore, IC 33-37-8-5 requires two dollars (\$2) of every deferral program fee collected to be accounted for as a jury fee. The defendant shall also pay a highway worksite zone fee of fifty cents (\$.50) for a driving offense, a document storage fee of two dollars (\$2) and an automated recordkeeping-deferral/diversion fee of five dollars (\$5). (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 2)

TOWN OF CEDAR LAKE
AUDIT RESULTS AND COMMENTS
(Continued)

DEFERRAL PROGRAM FEES NOT REMITTED TIMELY

Applicants electing to participate in the Town's Deferral Program, are asked to remit a check or money order payable to the Clerk, Lake County Superior Court. The Town then writes a receipt for the deferral fees and remits these fees to the Town attorney intact. (The Town does not deposit the fees.) The Town attorney remits the fees to the Lake County Clerk's office for depositing and recording. This process delays the deposit of the money collected. For the period tested (October 24, 2011 to December 15, 2011), there were from 41 to 101 days between collection and deposit of deferral fees collected by the Town.

IC 5-13-6-1(d) requires cities and towns to deposit all funds not later than the next business day following the receipt of funds in depositories selected by the city or town as provided in an ordinance adopted by the city or town and approved as depositories of state funds. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Cedar Lake (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each major federal program for the years ended December 31, 2010 and 2011. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2010 and 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 21, 2012

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF CEDAR LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-10	Total Federal Awards Expended 12-31-11
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Grants				
Bulletproof Vest Partnership Program	16.607		\$ 2,385	\$ -
Public Safety Partnership and Community Policing Grants	16.710			
COPS Hiring			-	1,053
Pass-Through Lake County				
JAG Program Cluster				
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803		8,919	13,844
Total for federal grantor agency			11,304	14,897
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205			
Construction Management		STP - H46500 DES 0200739	142,191 109,022	- 191,860
Total for federal grantor agency			251,213	191,860
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D 1013450	812,260	-
Total federal awards expended			\$ 1,074,777	\$ 206,757

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF CEDAR LAKE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Cedar Lake (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF CEDAR LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds
Dollar threshold used to distinguish between Type A and Type B programs: \$300,000	
Auditee qualified as low-risk auditee?	no

Section II – Financial Statement Findings

FINDING 2011-1 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not ensure that employees had the adequate training, nor did they take advantage of available opportunities to seek the guidance necessary to prepare an accurate Schedule of Expenditures of Federal Awards. Adequate internal control over reporting of Federal awards requires that employees be aware of the applicable requirements and that they have requisite knowledge to prepare an accurate schedule. In addition, adequate internal control requires sufficient oversight by management and the governing bodies to ensure accurate reporting of federal awards.

Officials did not establish adequate controls to ensure that the Schedule of Expenditures of Federal Awards was prepared as required. Failure to properly prepare this schedule could result in the delay of or impedance to, the Town receiving future federal funding.

TOWN OF CEDAR LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, has the following requirements for grantees:

"The auditee shall:

(e) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

(f) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(g) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

(h) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §____.310. . . .

§____.310 Financial statements. . . .

(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately."

We recommended that officials establish controls and procedures to accurately prepare the Schedule of Expenditures of Federal Awards.

FINDING 2011-2 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The Town had three separate debt issues (Bonds and Bond Anticipation Notes [BAN]) during 2010 and 2011. The debt proceeds were used to pay off prior debt issues and finance utility acquisition and construction. The transactions related to the debt issues were not recorded in the Town's ledgers or included in the Town's financial statements. The amount of the debt issues totaled \$4,200,000. With the approval of the officials, audit adjustments were made to the financial statements. The activity is presented in funds titled "Waterworks Revenue Bonds" and "Waterworks Revenue BANs."

Failure to ensure that all financial transactions of the Town are recorded, including those processed through trust accounts, is a deficiency in the internal control system of the Town related to financial transactions and reporting. We believe this deficiency constitutes a material weakness. This weakness in controls could permit material misstatement of financial statements.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CEDAR LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended that Town officials review the internal controls over the recording of financial transactions and develop procedures to ensure that all transactions, including those accounted for in trust accounts, are properly recorded.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF CEDAR LAKE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



TOWN OF CEDAR LAKE

Office of the Clerk-Treasurer

7408 Constitution Avenue, PO Box 707, Cedar Lake, IN 46303-0707

Tel: (219) 374-7000 Fax: (219) 374-4446

May 21, 2012

State Board of Accounts
302 West Washington St, Room E418
Indianapolis, IN 46204-2765

RE: Section II Financial Statement Findings

Findings 2011-1

It was my understanding when data was entered into the Gateway online system as required by the State of Indiana, the grant award items were not needed at that time. I further understood that during the local audit, the auditors would request this information and prepare the A-133 audit. I was not aware of the federal guidelines regarding a preparation of a "Schedule of Expenditures of Federal Awards" on the part of the Town. Had I been given the opportunity to prepare the document during the audit, I would have done so. Since we already maintain transparent records of all receipts and expenditures for such awards, the information is available for review and comment.

Action Plan

Upon discussion with the auditors it was advised that we maintain an Excel spreadsheet to keep track of the grant awards so when future audits occur, it would be readily available to them rather than having the auditors compile data during the audit.

Findings 2011-2

Attached you will find documents compiled by our financial consultants regarding the concerns brought forth by the auditors. I have also attached further documentation from my records indicating the sources and uses of funds that would be recorded in the Town's records. I was not aware that the Town's records needed to reflect transactions strictly between financial institutions. Funds did not come to us as the entities involved did not want a delay in the transaction closing. I understand this process is normal for a number of municipalities dealing with State Revolving Fund financing.

Action Plan

We will ensure that all future bonds and BAN's carried out this way will be recorded in the Town's records although it indicates an exaggeration of receipts and disbursements.

Respectfully,

TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA

A handwritten signature in cursive script that reads "Amy J. Sund".

Amy J. Sund, IAMC, CMC, Clerk-Treasurer

YEAR 2010 WATER BOND & BAN ACTIVITY

FUNDS

YEAR 2010 FUNDS	BEG BAL	RECEIVED	DISBURSED	END BAL
#644 Water Bond Proceeds	0.00	796,000.00	795,000.00	1,000.00
#646 Water BAN Proceeds	0.00	1,663,200.00	1,427,948.77	235,251.23
TOTALS	0.00	2,459,200.00	2,222,948.77	236,251.23

RECEIPTS

Date Recorded	Received From	Received To	Description	Amount
12/30/2010	Bernardi Securities	#644 Water Bond Proceeds	12/14/10 Good Faith Deposit – Wire Transfer	8,000.00
12/30/2010	Bernardi Securities	#644 Water Bond Proceeds	12/23/10 2010B Bond Proceeds – Wire Transfer	788,000.00
12/30/2010	Bernardi Securities	#646 Water BAN Proceeds	12/23/10 2010B Water BAN Proceeds – Wire Transfer	1,663,200.00
			Totals	2,459,200.00

DISBURSEMENTS

Date Recorded	Paid To	Paid From	Description	Amount
12/30/2010	DeMotte State Bank	#646 Water BAN Proceeds	Robins Nest Water Mortgage Payoff – Wire Transfer	169,561.16
12/30/2010	Robins Nest Water	#646 Water BAN Proceeds	Water Utility Acquisition – Wire Transfer	549,325.67
12/30/2010	Lake Region Title	#646 Water BAN Proceeds	Title Fees – Wire Transfer	2,284.00
12/30/2010	Bose, McKinney & Evans	#646 Water BAN Proceeds	Bond Counsel – Wire Transfer	93,500.00
12/30/2010	London Witte Group	#646 Water BAN Proceeds	Financial Advisor – Wire Transfer	72,500.00
12/30/2010	Austgen, Kuiper & Associates	#646 Water BAN Proceeds	Legal Counsel – Wire Transfer	29,975.00
12/30/2010	Wells Fargo Bank	#646 Water BAN Proceeds	Interest Due	842.94
12/30/2010	Wastewater Utility	#646 Water BAN Proceeds	Repay Temp Loan Res #1027 Adopted 9/21/10	509,960.00
12/30/2010	Bank of New York Mellon	#644 Water Bond Proceeds	Supplemental Loan Payoff – Wire Transfer	762,875.00
12/30/2010	Bose, McKinney & Evans	#644 Water Bond Proceeds	Bond Counsel – Wire Transfer	20,000.00
12/30/2010	London Witte Group	#644 Water Bond Proceeds	Financial Advisor – Wire Transfer	7,500.00
12/30/2010	Austgen, Kuiper & Associates	#644 Water Bond Proceeds	Legal Counsel – Wire Transfer	4,625.00
			Totals	2,222,948.77

Resolution #1027 – temporary loan to borrow \$775,000 from Wastewater Utility for purpose of acquisition and pre-financing of a private water utility, and the extension of the West 129th Avenue water infrastructure. The Water BAN Proceeds repaid \$509,960, and Water Development repaid \$265,040 for a total of \$775,000.

YEAR 2011 WATER BOND & BAN ACTIVITY

FUNDS

YEAR 2011 FUNDS	BEG BAL	RECEIVED	DISBURSED	END BAL
#644 Water Bond Proceeds	1,000.00	0.00	1,000.00	0.00
#646 Water BAN Proceeds	235,251.23	52,500.00	221,092.60	66,658.63
#647 Water BAN Debt Reserve	0.00	29,400.00	29,400.00	0.00
TOTALS	236,251.23	81,900.00	251,492.60	66,658.63

RECEIPTS

Date Recorded	Received From	Received To	Description	Amount
12/27/2011	City Securities	#646 Water BAN Proceeds	12/23/11 BAN Proceeds – Wire Transfer	52,500.00
04/15/2011	#647 Water BAN Debt Reserve	#646 Water BAN Proceeds	BAN Interest transferred to recommended fund for payment to Wells Fargo.	29,400.00
			Totals	81,900.00

DISBURSEMENTS

Date Recorded	Paid To	Paid From	Method	Amount
12/08/2011	Wells Fargo Corp	#647 Water BAN Debt Reserve	BAN Interest – Wire Transfer	29,400.00
01/19/2011	Wells Fargo Bank	#644 Water Bond Proceeds	Acceptance/Agent Fee	1,000.00
01/19/2011-07/20/2011	Nies Engineering	#646 Water BAN Proceeds	129 th Water Main Engineering Costs	39,859.02
01/19/2011	#640 Water Operating	#646 Water BAN Proceeds	Reimburse 2009/2010 Water Main Engineering	83,759.36
01/19/2011	#630 Wastewater Operating	#646 Water BAN Proceeds	Reimburse 2009 Engineering Costs	1,868.80
01/19/2011	City Securities	#646 Water BAN Proceeds	CUSIP/DTC Fees	427.00
01/19/2011-12/22/2011	Wells Fargo Bank	#646 Water BAN Proceeds	Acceptance/Agent Fees	2,000.00
04/06/2011-12/22/2011	London Witte Group	#646 Water BAN Proceeds	Robins Nest Water Tariffs, BAN Series	16,778.42
12/21/2011	Barnes & Thornburg	#646 Water BAN Proceeds	Waterworks BAN Series Bond Counsel	18,500.00
12/21/2011	Austgen, Kuiper & Associates	#646 Water BAN Proceeds	Waterworks BAN Series Legal Counsel	15,000.00
01/13/2011	Bank of New York Mellon	#646 Water BAN Proceeds	2010 Water Debt Reserve SRF	13,500.00
04/15/2011	#647 Water BAN Debt Reserve	#646 Water BAN Proceeds	Transfer BAN Interest to proper fund.	29,400.00
			Totals	251,492.60

Town of Cedar Lake, Indiana Waterworks Bond and Bond Anticipation Note History (2010 and 2011)

Issue	Description of Issuance	Amount of Issuance	Dated Date	Purpose
A	Waterworks' Revenue Bonds, Series 2010	\$1,700,000	5/27/2010	to redeem a portion of the Town's Waterworks Bond Anticipation Notes, Series 2009 and costs of issuance
B	Waterworks' Revenue Bond Anticipation Notes, Series 2010	750,000	5/27/2010	to redeem a portion of the Town's Waterworks Bond Anticipation Notes, Series 2009 and costs of issuance
	Subtotal	\$2,450,000		
	Sources and Uses of Funds:			Flow of funds
	Bond Proceeds	\$1,700,000		\$1,663,282 to Bond Subaccount paid to BONY on 6/1/2010 to refund Series 2009 BAN & \$36,718 for costs of issuance
	BAN Proceeds	750,000		\$652,218 to BAN Subaccount paid to BONY on 6/1/2010 to refund Series 2009 BAN & \$97,782 for costs of issuance
	Total Sources of Funds	\$2,450,000		
	Uses of Funds:			
	Bond Proceeds	\$2,315,500		\$1,663,282 from Series 2010 Bonds and \$652,218 from Series 2010 BANs
	Costs of Issuance	134,500		\$36,715 from Series 2010 Bonds and \$97,782 from Series 2010 BANs
	Total Uses of Funds	\$2,450,000		
C	Waterworks' Revenue Bonds, Series 2010B	\$800,000	12/23/2010	to redeem the Town's Waterworks' Bond Anticipation Notes, Series 2010 plus accrued interest and costs of issuance
	Sources and Uses of Funds:			
	Par Amount of Bonds	\$800,000		Net amount received = \$796,000 (Par plus reoffering premium less purchaser's discount). Received in the form of a
	Net Reoffering Premium	11,988		good faith deposit received on 12/14/2010 and final settlement on 12/23/2010.
	Total Sources of Funds	\$811,988		
	Uses of Funds:			
	2010 BAN par and accrued interest	\$762,945		\$750,000 to BAN principal amount plus \$12,945 of accrued interest
	Costs of Issuance, plus purchaser's discount	49,043		
	Total Uses of Funds	\$811,988		
D	Waterworks' Bond Anticipation Notes, Series 2010B	\$1,680,000	12/23/2010	pay costs associated with the acquisition of Robin's Nest Water Utility and the 129th Avenue Water Main extension
	Sources and Uses of Funds:			
	Par Amount of Bonds	\$1,680,000		Net amount received = \$1,663,200 (Par less purchaser's discount)
	Net Reoffering Premium	0		
	Total Sources of Funds	\$1,680,000		
	Uses of Funds:			
	Project Costs	\$1,467,700		
	Costs of Issuance, plus purchaser's discount	212,300		
	Total Uses of Funds	\$1,680,000		
E	Waterworks' Bond Anticipation Notes, Series 2011	\$1,750,000	12/23/2011	Redeem the Waterworks' Bond Anticipation Notes, Series 2010B and pay costs of issuance
	Sources and Uses of Funds:			
	Par Amount of Bonds	\$1,750,000		Net Amount received = \$1,732,500 (Par less purchaser's discount)
	Funds of the Waterworks' on hand for accrued interest	29,400		
	Total Sources of Funds	\$1,779,400		
	Uses of Funds:			
	2010B BAN par payoff plus accrued interest	\$1,709,400		
	Costs of Issuance, plus purchaser's discount	70,000		
	Total Uses of Funds	\$1,779,400		

**TOWN OF CEDAR LAKE, INDIANA
NON-ARBITRAGE AND FEDERAL TAX MATTERS CERTIFICATE**

STATE OF INDIANA)
)
COUNTY OF LAKE) SS:

We, the undersigned, certify that we are the duly elected or appointed Officials of the Town of Cedar Lake, Indiana ("Town"), holding the Offices appearing under our names, are the officials under whose jurisdiction the proceeds of the (i) Waterworks Revenue Bonds, Series 2010 ("Bonds") and (ii) Taxable Waterworks Bond Anticipation Notes, Series 2010 ("BANs"), each dated May 27, 2010 and of the Town, will be expended, are authorized to execute this Certificate on behalf of the Town and are Officers of the Town charged by Town Ordinance No. 1041 with actually issuing the Bonds and BANs.

We further certify that:

1. Code Provisions. The purpose of this Certificate is to, among other matters, set forth the facts and estimates upon which the Town represents that the Bonds do not and will not bear interest which is includable in the gross income of the owner or owners thereof. The Town is basing its reasonable expectations that the Bonds are not private activity bonds or arbitrage bonds under (a) the applicable sections of the Internal Revenue Code of 1986, as amended and as in effect on the date hereof ("Code") and (b) Treasury Regulations Sections 1.141-1 through -16, 1.148-1 through -11, 1.149(b)-1, 1.149(e)-1, 1.149(g)-1 and 1.150-1 through -2 to the extent applicable on the date hereof (collectively, "Regulations"). Unless otherwise indicated by the context in which they are used, the words and phrases in this Certificate shall have the meaning ascribed to them in the Regulations.

2. The Bonds and BANs. We are cognizant of the facts and circumstances regarding the issuance of the Bonds and BANs of the Town.

(a) The Bonds are Waterworks Revenue Bonds of the Town, designated as the "Waterworks Revenue Bonds, Series 2010", dated May 27, 2010, and issued in the aggregate principal amount of \$1,700,000. The proceeds of the Bonds are to be used for the costs of redeeming a portion (the "Bond Portion") of the Town's Waterworks Bond Anticipation Notes, Series 2009, dated as of June 1, 2009 (the "Refunded BAN"), as described in Exhibit A attached hereto. The proceeds of the Refunded BAN allocable to the Bond Portion were used to finance the cash payment costs of the acquisition of the assets and facilities constituting the waterworks of the Town and a portion of costs of issuance as set forth in the Non-Arbitrage and Federal Tax Matters Certificate for the Refunded BAN attached hereto as Exhibit B (the "Refunded BAN Tax Certificate").

(b) The BANs are waterworks bond anticipation notes of the Town, designated as the "Taxable Waterworks Bond Anticipation Notes, Series 2010", dated May 27, 2010 and issued in the aggregate principal amount of \$750,000. The proceeds of the BANs are to be used for the

5 OF 11

costs of (i) redeeming the Refunded BAN to the extent not redeemed with proceeds of the Bonds (the "BAN Portion") and (ii) paying issuance expenses of the BANs and Bonds, as described in Exhibit A attached hereto. The proceeds of the Refunded BAN allocable to the BAN Portion were used to finance costs associated with the acquisition of the assets and facilities constituting the waterworks of the Town, including working capital expenses, property taxes, the deposit to the reserve fund, capitalized interest, reimbursement to the Town and costs of issuance related to the Refunded BAN, all as set forth in the Refunded BAN Tax Certificate.

3. Sale Proceeds. The Bonds will be sold to the Indiana Finance Authority (the "Authority") for \$1,700,000 (the "Bond Sale Proceeds"). The Town will not receive any accrued interest on the Bonds. The BANs will also be sold to the Authority for \$750,000 (the "BAN Sale Proceeds").

4. Disposition of Bond Sale Proceeds and BAN Sale Proceeds. \$1,663,282 of the Bond Sale Proceeds will be immediately deposited to the Bond Subaccount of the Acquisition Account and, on June 1, 2010, paid to The Bank of New York Mellon Trust Company, N.A., the Registrar and Paying Agent for the Refunded BAN (the "Refunded BAN Paying Agent"), to cause the redemption in full of the Bond Portion of the Refunded BAN. \$652,218 of the BAN Sale Proceeds will be immediately deposited to the BAN Subaccount of the Acquisition Account and, on June 1, 2010, paid to the Refunded BAN Paying Agent to cause the redemption in full of the BAN Portion of the Refunded BAN. The remaining Bond Sale Proceeds and BAN Sale Proceeds will be used to pay costs of issuance of the Bonds and BANs on the date of delivery of the Bonds and BANs. The Town expects to pay approximately \$132,500 of issuance expenses with the BAN Sale Proceeds.

5. Acquisition Account. The funds held in the Bond Subaccount will be used to finance the redemption of the Bond Portion of the Refunded BAN on June 1, 2010. The funds held in the BAN Subaccount of the Acquisition Account shall be used to finance the redemption of the BAN Portion of the Refunded BAN on June 1, 2010. All proceeds of the Bonds and BANs are expected to be spent within thirty (30) days of the date hereof.

6. Reimbursement. The Town does not reasonably expect that any of the Bond Sale Proceeds will be used to reimburse the Town for any costs of the redemption of the Bond Portion of the Refunded BAN paid by the Town prior to the issuance of the Bonds.

7. No Disposition of Waterworks. The Town reasonably expects that the Waterworks of the Town will not be sold or otherwise disposed of, in whole or in part, while the Bonds or BANs are outstanding.

8. Funds and Accounts. The Ordinance creates the following funds and accounts and the flow of funds for each is as follows:

(a) O&M Fund. The Ordinance creates the Operation and Maintenance Fund (the "O&M Fund"). The Ordinance requires that revenues of the Waterworks be credited to the O&M Fund each month so that the balance maintained in the O&M Fund is sufficient to pay for the expenses of operation, repair and maintenance of the Waterworks for the then next

December 23, 2010

Ms. Gineen DeStefano
Bernardi Securities, Inc,
105 West Adams, Suite 1900
Chicago, IL 60603

Re: Town of Cedar Lake, Indiana, Waterworks Revenue Bonds, Series 2010 B - Closing Instructions

Dear Gineen:

The amount of the wire should be \$788,000.00, which is the original principal amount of the Bonds (\$800,000.00), plus net reoffering premium of (\$11,988.05), less purchaser's discount (\$15,988.05) and less good faith deposit of (\$8,000.00). Wire and payment instructions are provided below for closing which is scheduled for Thursday, December 23, 2010.

DeMotte State Bank

ABA #

Account #

Account Name: Town of Cedar Lake Water Utility

Bank Contact: Mr. Chris Kelleher, Branch Manager

Bank Contact Number: (219) 374-4141

Amount of wire: \$788,000.00

Please let me know if you have any questions.

Sincerely,

Eric Baugh

Cc: Amy Sund, Clerk-Treasurer, Town of Cedar Lake, Indiana
Ian Nicolini, Town Administrator, Town of Cedar Lake, Indiana
Dennis Otten, Bond Counsel, Bose McKinney & Evans LLP
David Austgen, Local Counsel, Austgen Kuiper & Associates
Teresa Hawkins, Registrar & Paying Agent, Wells Fargo Bank
Sue Haase, Financial Advisor, London Witte Group, LLC

December 14, 2010

Mrs. Gineen Destefano
Bernardi Securities, Inc.
105 West Adams, Suite 1900
Chicago, IL 60603

Re: Town of Cedar Lake, Indiana Waterworks Revenue Bonds, Series 2010 B - Good Faith Deposit Wire Instructions

Dear Gineen:

The amount of the wire for the good faith deposit should be \$8,000. Wire and payment instructions are provided below for wiring the good faith deposit on December 15, 2010 by 3:30 p.m. (EDT).

DeMotte State Bank

ABA #

Account #

Account Name: Town of Cedar Lake Water Utility

Bank Contact: Mr. Chris Kelleher

Bank Contact Phone Number: (219) 374-4141

Amount of wire: \$8,000

Please let me know if you have any questions.

Sincerely,

Eric Baugh

Cc: Amy Sund, Town of Cedar Lake, Indiana, Clerk-Treasurer
Ian Nicolini, Town of Cedar Lake, Indiana, Town Administrator
Dennis Otten, Bond Counsel, Bose McKinney & Evans LLP
David Austgen, Local Counsel, Austgen Kuiper & Associates, P.C.
Sue Haase, Financial Advisor, London Witte Group, LLC

December 23, 2010

Mrs. Tina Montgomery
City Securities Corporation
30 South Meridian Street, Suite 600
Indianapolis, IN 46204

Re: Town of Cedar Lake, Indiana, Waterworks Revenue Bond Anticipation Notes, Series
2010 B - Closing Instructions

Dear Tina:

The amount of the wire should be \$1,663,200.00, which is the original principal amount of the BANs (\$1,680,000.00) less purchaser's discount (\$16,800.00). Wire and payment instructions are provided below for closing which is scheduled for Thursday, December 23, 2010.

DeMotte State Bank

ABA #

Account #

Account Name: Town of Cedar Lake Water Utility

Bank Contact: Mr. Chris Kelleher, Branch Manager

Bank Contact Number: (219) 374-4141

Amount of wire: \$1,663,200.00

Please let me know if you have any questions.

Sincerely,

Eric Baugh

Cc: Amy Sund, Clerk-Treasurer, Town of Cedar Lake, Indiana
Ian Nicolini, Town Administrator, Town of Cedar Lake, Indiana
Dennis Otten, Bond Counsel, Bose McKinney & Evans LLP
David Austgen, Local Counsel, Austgen Kuiper & Associates
Teresa Hawkins, Registrar & Paying Agent, Wells Fargo Bank
Sue Haase, Financial Advisor, London Witte Group, LLC

LWG

LONDON
WITTE
GROUP

December 19, 2011

Amy Sund, Clerk-Treasurer
Town of Cedar Lake, Indiana
7408 Constitution Ave.
Cedar Lake, IN 46303

Re: Town of Cedar Lake, Indiana, Waterworks Revenue Bond Anticipation Notes, Series 2011 – Closing Wire Instructions

Dear Amy:

The amount of the wire will be \$29,400.00, which is the interest amount that is due on the Waterworks Revenue Bond Anticipation Notes, Series 2010B (the "2010 BANs") on December 23, 2011. The wire will be held by Wells Fargo on the behalf of the Town of Cedar Lake, Indiana (the "Town") for inclusion with a wire to be received from City Securities Corporation on December 23, 2011 for the purchase of the Town of Cedar Lake, Indiana Waterworks Revenue Bond Anticipation Notes, Series 2011. The combination of the wired amount of \$29,400.00 from the Town and the wire to be received from City Securities Corporation will be used to redeem the 2010 BANs. Wire and payment instructions are provided below for wiring on December 20, 2011 so that the wired amount of \$29,400.00 is available on December 22, 2011.

Wells Fargo Bank, N.A.

ABA #

Account #

Account Name: Corporate Trust Clearing

FFC: Illinois Paying Agency – a/c 99990902

Re: Cedar Lake BANs

Bank Contact: Mr. Robert Selangowski, Vice President

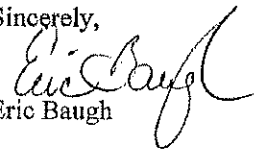
Bank Contact Number: (312) 726-2138

Amount of wire: \$29,400.00

Robert Selangowski will confirm receipt of the \$29,400.00 that is being held on behalf of the Town for the payment of the interest on the 2010 BANs once received

Please let me know if you have any questions.

Sincerely,


Eric Baugh

Cc: Ian Nicolini, Town Administrator, Town of Cedar Lake, Indiana
Jill Murr, Town of Cedar Lake, Indiana
Phil Faccenda, Bond Counsel, Barnes & Thornburg LLP
David Austgen, Local Counsel, Austgen Kuiper & Associates
Robert Selangowski, Registrar & Paying Agent, Wells Fargo Bank
Sue Haase, Financial Advisor, London Witte Group, LLC

Certified Public Accountants

One Independence Center, 1776 North Meridian Street, Suite 500 Indianapolis, Indiana 46202

Telephone | 317-634-4747 Facsimile | 317-632-2727 Toll Free | 877-634-4747

Web | www.LWCCPA.com



December 23, 2011

Mr. Damian Maggos
City Securities Corporation
30 South Meridian Street, Suite 600
Indianapolis, IN 46204

Re: Town of Cedar Lake, Indiana, Waterworks Revenue Bond Anticipation Notes, Series 2011 - Closing Instructions

Dear Damian:

City Securities Corporation will be requested to provide two (2) wires upon closing of the Town of Cedar Lake, Indiana Waterworks Revenue Bond Anticipation Notes, Series 2011 (the "2011 BANs"). The first wire will be to Wells Fargo Bank, N.A. in the amount of \$1,680,000.00 for the principal amount of the Town of Cedar Lake, Indiana Waterworks Revenue Bond Anticipation Notes, Series 2010B (the "2010 BANs") and a second wire to the Town of Cedar Lake, Indiana (the "Town") in the amount of \$52,500.00 for the payment of the costs of issuance on the 2011 BANs. Wire Instructions are provided below

Wiring of Payment for the principal of the 2010 BANs to Wells Fargo Bank, N.A.

The amount of the wire should be \$1,680,000.00, which is the original principal amount of the 2011 BANs (\$1,750,000.00) less underwriter's discount (\$17,500.00) and less costs of issuance (\$52,500.00). Wire and payment instructions are provided below for closing which is scheduled for Friday, December 23, 2011. Wells Fargo Bank will utilize the \$1,680,000.00 received for the redemption of the 2010 BANs that are due on December 23, 2011.

Wells Fargo Bank, N.A.

ABA #

Account #

Account Name: Corporate Trust Clearing

FFC: Illinois Paying Agency - a/c 99990902

Re: Cedar Lake BANs

Bank Contact: Mr. Robert Selangowski, Vice President

Bank Contact Number: (312) 726-2138

Amount of wire: \$1,680,000.00

Certified Public Accountants

One Independence Center, 1776 North Meridian Street, Suite 500 Indianapolis, Indiana 46202

Telephone | 317-634-4747 Facsimile | 317-634-2727 Toll Free | 877-634-4747

Web | www.LWGCPA.com

Wiring of costs of issuance to the Town

The amount of the wire should be \$52,500.00, which is the original principal amount of the 2011 BANs (\$1,750,000.00) less underwriter's discount (\$17,500.00) and less principal of the 2010 BANs (\$1,680,000.00). Wire and payment instructions are provided below for closing which is scheduled for Friday, December 23, 2011.

DeMotte State Bank

ABA #

Account #

Account Name: Town of Cedar Lake Water Utility

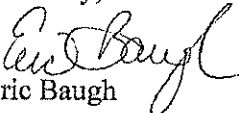
Bank Contact: Mr. Chris Kelleher, Branch Manager

Bank Contact Number: (219) 374-4141

Amount of wire: **\$52,500.00**

Please let me know if you have any questions.

Sincerely,


Eric Baugh

Cc: Amy Sund, Clerk-Treasurer, Town of Cedar Lake, Indiana
Jill Murr, Town of Cedar Lake, Indiana
Ian Nicolini, Town Administrator, Town of Cedar Lake, Indiana
Phil Faccenda, Bond Counsel, Barnes & Thornburg LLP
David Austgen, Local Counsel, Austgen Kuiper & Associates
Robert Selangowski, Registrar & Paying Agent, Wells Fargo Bank
Sue Haase, Financial Advisor, London Witte Group, LLC

90F11

EXHIBIT A

Sources and Uses of Funds

SOURCES:

Bond Proceeds	\$ 994,000.00
BAN Proceeds	2,250,000.00
2005 Bond Reserve Funds	52,802.83
TOTAL SOURCES OF FUNDS:	\$3,296,802.83

USES:

Cash Payment	<u>\$ 1,663,282.00</u>
Redeem 2005 Bonds	994,000.00*
Deposit to Reserve Fund	72,956.49
Working Capital	81,478.00
Capitalized Interest	3,660.34
Reimbursement to Town	123,191.00
Escrowed Property Tax Payments	88,238.00
Cost of Issuance**	269,997.00
TOTAL COSTS:	\$3,296,802.83

* Funded entirely from Bond proceeds

** Includes underwriter's discount, bond counsel, local counsel, financial advisor and other related expenses.

Cedar Lake Municipal Water Utility
Cedar Lake, Indiana

Proposed Debt Issuance
Schedule of Sources and Uses of Funds

Sources of Funds:

SRF Debt Issuance	\$ 1,700,000
SRF BAN	750,000
	<hr/>
Total Sources of Funds	\$ 2,450,000
	<hr/>

Uses of Funds:

Current BAN:		
Net Purchase Price	\$ 1,663,282	
Funding Remaining Utilities, Inc. Debt Service Reserve	23,814	
Escrow Property Tax	88,238	
Reimbursement to Wastewater Utility for Acquisition		
Costs Paid on Water's Behalf	123,191	
Underwriter's Discount	22,500	
Paying Agent Fee	500	
Acquisition, Regulatory and Bond Counsel	125,000	
Acquisition and Regulatory Financial Advisor	60,000	
Financing Advisor	15,000	
Local Counsel including Title Work	38,659	
City Securities CUSIP & DTC Fees	280	
Working Capital	81,478	
	<hr/>	
		\$ 2,241,942
Accrued Interest on Current BAN		67,500
Current Issuance Costs:		
Regulatory and Bond Counsel		85,000
Regulatory and Financing Advisor		40,000
Local Counsel		15,058
Paying Agent Fee		500
		<hr/>
Total Uses of Funds		\$ 2,450,000
		<hr/>

11 OF 11

Source: Bond capability study - Mar/Apr 2010

#644

LWB
Instructions

Cedar Lake Municipal Water Utility
Debt Issuances Proceeds and Payments from Each

Payments from Cedar Lake Water Utility Revenue Bonds, Series 2010 B

Payment
Form

Par Amount of Bonds	\$ 800,000
Premium on Bonds	11,988
Bernardi Securities Fee	(15,988)
Good Faith Deposit	<u>(8,000)</u>

Net Proceeds at Closing
Add Good Faith Deposit

\$ 788,000
8,000

12/13
12/14

Principal to SRF

Interest to SRF

Bose McKinney Bond Counsel Fees

LWG Financial Advisor Fees

Austgen Local Counsel Fees

(750,000) ✓ Wire

(12,875) ✓ Wire

(20,000) ✓ Wire

(7,500) ✓ Wire

(4,625) ✓ Wire

Remaining Funds

1,000 /

Wells Fargo Paying agent Fees

HOLD FOR INV

(1,000) Check at closing

Net Remaining Funds

\$ -

CLERK-TREASURER'S
RECORDS

1 OF 4

LWB Instructions

Payment Form

Note: The Total Amount borrowed from Sewer amounted to \$775,000. The amount over the \$596,365 noted above must be taken from the water fund where the monies from the Sewer Loan were placed and that amount is \$178,635.

643999 - 596,365 Res #7057

646999 + 596,365

Ø

Payments from the 2010 B Cedar Lake Water Utility BANS

Payment
Form

PAR Amount of BANS 1,680,000
Discount (16,800)

Net Proceeds at Closing \$1,663,200.00✓
Robins Nest Mortgage Pay Off (169,561.16)✓Check?
Robins Nest Payment (549,325.67)✓Check?
Title Company Fees (2,284.00)✓Check ?

Robins Nest Mortgage Pay Off (93,500.00)✓Wire
Robins Nest Payment (72,500.00)✓Wire
Title Company Fees (29,975.00)✓Wire

Remaining Funds 746,054.17
Wells Fargo Paying agent Fees (1,000.00)✓Check at Closing
Funds used to payback loan from Sewer Utility (509,960.00)✓Internal Transfer
Funds used to reimburse sewer operating for engineering on 129th (1,868.60)✓Internal Transfer
Funds used to reimburse water operating for Engineering on 129th (85,627.96)✓Internal Transfer
January 1, 2011 Interest Due (842.94)✓Check to Wells Fargo
Restricted Cash for Interest payable on Maturity (29,400.00)✓N/A
Restricted Cash for Maximum 2010 Payable 2011 Property Taxes (6,500.00) N/A

Remaining Cash for Capital Improvements to Water Utility \$ 110,854.67
(this amount should be placed in the Water Improvement Fund with the other amounts that are to be used for capital projects only. Can be used for 129th project change orders or costs incurred to up grade Robins Nest and existing Water Utility infrastructure)

Total Reimbursement to Sewer for Loan	\$ 775,000.00
Payback from BAN	(509,960.00)
Payback from Water Development	<u>(265,040.00)</u>
Balance	<u>-</u>
Reimbursement from BAN to Sewer Operating for Engineering payme	\$ 1,868.60
Total Payment to Sewer for Loan Repay and Reimbursement of costs	\$ 776,868.60

Total Reimbursement from BAN to Water Operating \$ 85,627.96

Water Development Fund prior tp loan repay	\$ 852,430.00
Less: Sewer Loan repayment amount taken from here	<u>(265,040.00)</u>
Remaining Balance in Water Development for 129th Project & Misc	\$ 587,390.00
129th Project Costs	<u>(509,960.00)</u>
Amount in Water Development for other Capital projects	\$ 77,430.00

3 of 4

TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA

RESOLUTION NO. 1027

A RESOLUTION FOR A TEMPORARY LOAN FOR THE PURPOSE OF ACQUISITION AND PRE-FINANCING OF A PRIVATE WATER UTILITY, AND THE EXTENSION OF THE WEST 129th AVENUE WATER INFRASTRUCTURE

WHEREAS, an extraordinary emergency exists at this time and it is necessary for said Town to borrow sufficient funds to meet the requirements as set forth for purposes of acquiring capital assets for the expansion of the Cedar Lake Water Utility, and for the extension of the West 129th Avenue Water Main. Therefore, the **Wastewater Construction Development Fund #610** of said Town temporarily advances to the **Water Utility Development Fund #643** of said Town in 2010.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CEDAR LAKE, INDIANA THAT:

SECTION ONE: The sum of **Seven Hundred, Seventy-Five Thousand Dollars (\$775,000.00)** will be transferred from the **Wastewater Construction Development Fund #610** to the **Water Utility Development Fund #643**.

SECTION TWO: The extension shall be for a period of time commencing with the passage of this Resolution, which payment of the temporary loan shall be returned and repaid to the proper fund of said Town **on or before December 31, 2010**.


SECTION FOUR: That an emergency exists and this Resolution shall be in full force and effect from and after its passage and approval by the Town Council of the Town of Cedar Lake, Lake County, Indiana.

ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA THIS 21ST DAY OF SEPTEMBER 2010.


TOWN COUNCIL OF THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA


Dennis Wilkening, President

Patricia Wisniewski, Vice President

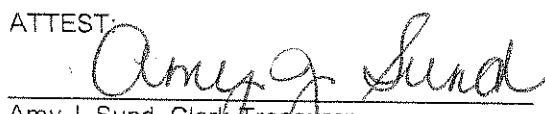

Robert H. Carnahan

Jerry Smith


John Foreman


William Landske

ATTEST:


Amy J. Sund, Clerk-Treasurer

Greg Parker

4 OF 4

TOWN OF CEDAR LAKE
EXIT CONFERENCE

The contents of this report were discussed on May 21, 2012, with Amy J. Sund, Clerk-Treasurer; Ian Nicolini, Town Administrator; Jill Murr, Chief Deputy; and Randell Niemeyer, President of the Town Council. The Official Response has been made a part of this report and may be found on pages 75 through 80.



TOWN OF CEDAR LAKE

Office of the Clerk-Treasurer

7408 Constitution Avenue, PO Box 707, Cedar Lake, IN 46303-0707

Tel: (219) 374-7000 Fax: (219) 374-4446

June 6, 2012

State Board of Accounts
302 West Washington St, Room E418
Indianapolis, IN 46204-2765

RE: Audit Results and Comments Response

The following is the Town of Cedar Lake response to the 2010 and 2011 State Board of Accounts audit results and comments.

Schedule of Expenditures of Federal Awards

Upon discussion with the auditors it was advised that we maintain an Excel spreadsheet to keep track of the grant awards so when future audits occur, it would be readily available to them. This will comply with Circular No. A-133.

Transaction Recording

The transactions were made between financial institutions at the time of closing. We will ensure that all future bonds and BAN's carried out this way will be recorded in the Town's records.

Drinking Water Trust Funds

The Town transfers scheduled funds monthly from the Water Operating Fund to the Debt Service Fund. This is recorded in the Town's books. We then reflect the payment made to Bank of New York Mellon (BNYM) who holds the funds until payment is due to State Revolving Fund. Per the audit, we were advised to add an account reflecting the funds held at BNYM including any interest earned by the bank, and then show a payment made to SRF. Although this appears to exaggerate receipts and disbursements, we understand that the Town continues to be the custodian of the funds held at BNYM until paid to SRF. We will add an account on the report showing the transactions as requested.

Water Utility Operating Policies

The Town has the sixth draft of Water Utility Rules and Regulations for review and comment. The policies should be finalized and adopted by the Town Council this summer.

Facility Rental Fees

1. Ordinance No. 1157 was adopted by the Cedar Lake Town Council on May 22, 2012 establishing fees for all shelter rentals.
2. The gazebo fee has been adjusted to a flat fee of \$25.00 and is a part of Ordinance No. 1157 adopted on May 22, 2012.
3. The matter was corrected, and funds were transferred to the Special Monastery Woods Clubhouse Non-Reverting Fund.
4. Permits will be required for all persons and entities renting a facility including those not being charged as in the case of non-profit organizations.
5. Permits will be numbered sequentially.
6. The Town Council will be notified that they need to approve all organizations who wish to rent a facility, and any fees waived will be approved by Council at a public meeting and recorded in the Town's minutes.

Emergency Medical Service Fees – Penalties

Our billing clerk noted that she continues to catch up with matters left undone by the previous billing clerks. Our current clerk has been sorting through accounts with unpaid balances, and trying to make contact with the responsible parties. Options are being given to patients to arrange payment with the Town before sending them to collection.

We will request that the Town Council waive penalties for a specified period allowing time so our billing clerk can make contact with as many unpaid accounts as possible.

Building Permit Controls

Permits have been numbered, and the application used to record applications will be revised to make the necessary changes.

Incorrect Town Deferral Fees Charged and Distributed

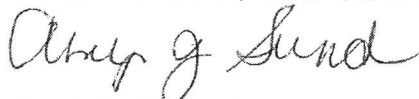
Our Police Department was informed by personnel at the Lake County Court to charge the fees that they are charging. We will monitor this situation for corrective action, and anticipate a comment when the Lake County Court is audited. Proper communication should then be provided to those affected Departments as to charging the correct fees.

Deferral Program Fees Not Remitted Timely

The items in question may be isolated incidents out of the Town's control due to the length of time it takes the Lake County Court to process. The Town's legal counsel will study this item in order to determine the cause, and report findings to the Town. A solution could then be decided upon to expedite fee remittance.

Respectfully,

TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA



Amy J. Sund, IAMC, CMC, Clerk-Treasurer

TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA

ORDINANCE NO. 1157

AN ORDINANCE ESTABLISHING A FACILITY FEE SCHEDULE FOR THE USE OF PARK AND RECREATION FACILITIES AND STRUCTURES LOCATED ON TOWN PROPERTY, REPEALING ALL ORDINANCES AND TOWN CODE PROVISIONS, OR PORTIONS THEREOF, IN CONFLICT HEREWITH, AND ALL MATTERS RELATED THERETO.

WHEREAS, the Town Council of the Town of Cedar Lake, Lake County, Indiana (hereinafter the "Town Council"), has been informed and advised that a Fee Schedule is required to be established by enabling Ordinance for the use of Park and Recreation facilities and structures located on Town properties, as noted by the Indiana State Board of Accounts in its most recent audit examination of the Town; and

WHEREAS, the Town Council previously and heretofore adopted its Town Ordinance No. 575 on or about the 18th day of May, 1993, establishing a fee for the use of the gazebo located on the Town property; and

WHEREAS, the Town Council has been informed and advised that other Park and Recreation facilities and structures have been developed and/or acquired, and are being used by residents and citizens who pay fees for such use, but without said fees being established by enabling Ordinance; and

WHEREAS, the Town Council, being duly advised, now concludes that it is appropriate, advisable, and in the best interest of the residents and the citizens of the Town to establish, consistent with the applicable rules and requirements of the Indiana State Board of Accounts as well as enabling provisions of the Indiana Code, a Facility Fee Schedule for the use of Park and Recreation facilities and structures located on Town property.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA, AS FOLLOWS:

SECTION ONE: That there is hereby established a Facility Fee Schedule for the use of Park and Recreation facilities and structures located on Town property, which Facility Fee Schedule is attached hereto and incorporated herein as Exhibit "A". Further, that the specimen form of Facility Permit to be utilized by citizens or persons seeking to use Park Recreation facilities and structures located on Town property is attached hereto, and is required and authorized to be utilized hereafter, in same or similar form and content, for such rental purposes upon Permit Application therefore.

SECTION TWO: That the provisions of Town Ordinance No. 575, as amended, and as originally adopted by the Town Council the 18th day of May, 1993, is incorporated herein and included by reference related to the gazebo structure located on the Town lake front property except for the facility fee, which is incorporated and included in Exhibit "A" attached hereto and adopted hereby.

SECTION THREE: That all other existing Town Code Sections and Ordinances, or parts thereof, in conflict with the provisions of this Ordinance, are hereby repealed and declared to be null, void, and of no legal effect.

SECTION FOUR: That if any section, clause, provision or portion of this Ordinance shall be held to be invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this Ordinance.

SECTION FIVE: That this Ordinance shall take effect, and be in full force and effect, from and after its passage and adoption by the Town Council of the Town of Cedar Lake, Lake County, Indiana, and publication in the manner prescribed by applicable law.

ALL OF WHICH IS PASSED AND ADOPTED THIS SUNDAY DAY OF MAY, 2012, BY THE TOWN COUNCIL OF THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA.

TOWN OF CEDAR LAKE, LAKE COUNTY,
INDIANA, TOWN COUNCIL

President

Vice President

Member

Member

Member

Member

Member

ATTEST

Amy J. Sund
AMY J. SUND, IAMC, CMC,
Clerk-Treasurer

Shelter Rental Information

Shelter	Location	Charge	With Tax	Total	Electric
Lions Den	Behind the Town Complex, overlooking the Lake. (grill)	\$20.00	\$1.40	\$21.40	YES
Gazebo	Not to be rented when Lions den is occupied. Should be rented along with Den for weddings.	\$25.00	\$1.75	\$26.75	NO
Cardinals Roost	On the northeast side of the museum, near the bandstand. (grill)	\$20.00	\$1.40	\$21.40	YES
Bandstand	May need approval from Town Council due to crowds and noise. (depending on application)	\$25.00	\$1.75	\$26.75	YES
Eagles Nest	East of the complex, near the basketball court and playground.	\$15.00	\$1.05	\$16.05	NO
Clubhouse	Monastery Woods (with approval of Park Director)	\$50.00	\$3.50	\$53.50	YES

Payment due at time of rental. Make sure there are no conflicting rentals on that date.



Town of Cedar Lake Facility Permit

Date of Application: _____

Please note that there are normally 6 picnic tables available at most shelters. If additional seating is needed, this must be supplied by the applicant.

Contact Name _____ Organization/Group _____

Mailing Address _____ Phone _____

Date Desired _____ Time Needed _____ Number Persons _____

Facility Requested:

- | | |
|--|--|
| _____ Lion's Den & Gazebo \$45.00 + tax | _____ Bandstand w/ Elec. \$25.00 + tax |
| _____ Lion's Den (No Elec.) \$20.00 + tax | _____ Gazebo (No Elec.) \$25.00 + tax |
| _____ Cardinal's Roost w/ Electric \$20.00 + tax | _____ Eagle's Nest (No Elec.) \$15.00 + tax |
| _____ Monastery Clubhouse \$ 50.00 minimum + tax | _____ Community Center \$20.00 minimum + tax |

I understand that failure to abide by the regulations adopted by the Town Council of the Town of Cedar Lake, or failure to leave the facility in a clean and reasonable order, may result in forfeiture of the privilege of using the facilities in the future.

Applicant's Signature: _____

Approved as Scheduled: _____

No person shall remain in the park that does not abide by the following conditions:

- | | |
|--|---|
| 1. Park hours are from dawn until dusk. | 7. Domestic animals are required to be leashed at all times. |
| 2. No defacement, destruction or removal of park property allowed. | 8. Swimming, bathing or wading are permitted in designated areas. |
| 3. No littering permitted. | 9. No alcoholic beverages or dangerous drugs are permitted within the park. |
| 4. No animals, fowl and/or fish can be brought into the park property. | 10. No camping permitted within the park. |
| 5. No hunting or molesting wildlife. | 11. No noisy, boisterous, disorderly or indecent conduct allowed, or in any manner disturbing the peace of the community within the park. |
| 6. No starting fires, except with extreme caution for culinary purposes in the park-owned or privately-owned grills. | |

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Release and Indemnifying Agreement

FOR AND IN CONSIDERATION of being permitted to utilize the requested facility located on the Cedar Lake Town Grounds, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Undersigned and all Personal Representatives, Heirs, Successors and Assigns, hereby INDEMNIFY, RELEASE, AND FOREVER DISCHARGE THE TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA, its Agents, Employees, Representatives, Elected Officials and Appointed Officials, Attorneys, Successors and Assigns, hereinafter called "TOWN" from any and all claims, demands, damages, actions, causes of action, or suits of whatever nature or kind, whether known or unknown, present and future, which arises, or may arise out of utilization of the requested facility located on the Cedar Lake Town Grounds. The Undersigned, for the same consideration, the receipt and sufficiency of which is also hereby acknowledged, hereby additionally waive any and all claims, demands, damages, actions, causes of action, or suites of whatever nature or kind, whether known or unknown, present or future, which arise, or may arise, out of utilization of the requested facility on the Cedar Lake Town Grounds.

The undersigned execute and deliver this RELEASE, WAIVER AND INDEMNIFYING AGREEMENT, with full understanding of its terms, and agrees to be bound and obliged by the same.

IN WITNESS WHEREOF, the Undersigned have executed this Release, Waiver and Indemnification Agreement on the _____ day of _____, 20____.

Applicant's Written Name _____

Applicant's Printed Name _____

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me, a Notary Public, in and for said County and State, personally appears, who acknowledge or subscribed signature this _____ day of _____, 20____.

Notary Public _____

My Commission Expires: _____

A Resident of _____ County,

State of _____